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**NOTICE OF SALE**

Dated June 2, 2008

**Tennessee Local Development Authority**

**\$57,000,000<sup>\*</sup>**

**State Loan Programs Revenue Bond Anticipation Notes  
2008 Series A**

Electronic Bids, as Described Herein  
Will Be Accepted Until  
10:00 a.m. Central Time, June 11, 2008<sup>\*\*</sup>

<sup>\*</sup> Subject to change both before and after award as provided herein.

<sup>\*\*</sup> Subject to change before the sale date and time as provided herein.

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## **CONTACTS**

### **Issuer**

#### **Tennessee Local Development Authority**

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### **Bond Counsel**

#### **Hawkins Delafield & Wood LLP**

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### **Financial Advisor**

#### **Public Financial Management, Inc.**

André Walker  
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### **PARITY<sup>®</sup>**

Customer Service

(212) 849-5021

### **i-Deal Prospectus**

Customer Service

(212) 849-5024

## NOTICE OF SALE

Dated: June 2, 2008

### Tennessee Local Development Authority

**\$57,000,000\***

#### State Loan Programs Revenue Bond Anticipation Notes 2008 Series A

*NOTICE IS HEREBY GIVEN* that electronic bids will be received at the place, on the date and until the time specified below for the purchase of all, but not less than all, of the \$57,000,000\* State Loan Programs Revenue Bond Anticipation Notes, 2008 Series A (the “Notes”), to be issued by the Tennessee Local Development Authority (the “Authority”).

DATE: Wednesday, June 11, 2007\*\*

TIME: 10:00 a.m. Central Time\*\*

ELECTRONIC BIDS: May be submitted only through **PARITY®** as described below.  
**No other form of bid or provider of electronic bidding services will be accepted.**

The Notes are more particularly described below and in the Preliminary Official Statement dated June 2, 2008 (the “Preliminary Official Statement”) relating to the Notes, available at the i-Deal Prospectus website, [www.i-dealprospectus.com](http://www.i-dealprospectus.com). For assistance in obtaining the Preliminary Official Statement from this website, contact i-Deal Prospectus' customer service or Public Financial Management, Inc. See the Contacts page of this Notice of Sale.

Prior to accepting bids, the Authority reserves the right to change the aggregate principal amount of the Notes being offered or the terms of the Notes, and to postpone the sale to a later date or time or to cancel the sale. Notice of a change, postponement or cancellation will be announced via Thomson Municipal News at the website address [www.tm3.com](http://www.tm3.com) not later than 12:00 Noon, Central Time, on the day preceding the bid opening or, in the case of a cancellation, at any time prior to the receipt of bids. If the sale is postponed, a later public sale may be held on such date and at such time as shall be announced at least forty-eight (48) hours in advance via Thomson Municipal News service at the website address [www.tm3.com](http://www.tm3.com). Consideration of the bids and the award of the Notes will be completed within six (6) hours after the close of bidding.

\* Subject to change both before and after award as provided herein.

\*\* Subject to change before the sale date and time as provided herein.

## BIDDING PARAMETERS TABLE\*

Description		Page No.	Description		Page No.
<b>DATES</b>			<b>REDEMPTION</b>		
Dated Date:	Delivery Date	2	Optional:	Non-Callable	2
Delivery Date:	On or about June 25, 2008	7	Mandatory:	Non-Callable	2
<b>INTEREST</b>			<b>PRICING</b>		
Interest Payment Date:	At Maturity	2	Max. Reoffering Price:	N.A.	
Coupon Multiples:	1/8 or 1/20 of 1%	4	Min. Reoffering Price:	N.A.	
Maximum Coupon:	5.00%	4			
Minimum Coupon:	N.A.		<b>PROCEDURAL</b>		
Maximum TIC:	N.A.		Bid Submission:	PARITY® only	1, 3
			All or None?:	Yes	1, 4
			Bid Award Method:	Lowest TIC	5
			Minimum Bid:	99% of par	4
			Maximum Bid:	N.A.	
			Bid Confirmation:	Fax signed	
				PARITY® screen	4
			Award of Bid:	Within 6 hours	1,5
			Good Faith Deposit:	\$500,000	6
<b>PRINCIPAL</b>					
Principal Maturity:	June 24, 2009	2			
Maturity Amount:	\$57,000,000 **	1			
Adjustments-Increase:	+10%	5			
Adjustments-Decreases:	-10%	5			
<p>* If numerical (excluding page numbers) or date references contained in the body of this Notice of Sale conflict with the Bidding Parameters Table, the body of this Notice of Sale shall control. Consult the body of this Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.</p> <p>** Subject to change both before and after award as provided herein.</p>					

### THE NOTES

#### General

The Notes will be dated as of the Dated Date shown on the Bidding Parameters Table, will be issued in denominations of \$5,000 or integral multiples thereof, will mature on the date and in the principal amount, and will bear interest from their date at the annual rate specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest payable on the Notes will be computed on the basis of a 360-day year of twelve (12) 30-day months. The Notes must meet the criteria shown on the Bidding Parameters Table.

#### Redemption

The Notes will not be subject to optional or mandatory redemption prior to their maturity date.

## *AUTHORITY AND SECURITY*

The Notes will constitute limited special obligations of the Authority and will be issued pursuant to the Tennessee Local Development Authority Act, Title 4, Chapter 31, Tennessee Code Annotated, as amended, for the purpose of financing loans to Local Government Units in the State of Tennessee to pay the cost of certain sewage treatment works and waterworks and renewing certain bond anticipation notes of the Authority previously issued for such purposes.

The Notes will be payable (i) as to principal, from the proceeds of the sale of bonds in anticipation of which such Notes have been issued or renewal notes and from certain payments of principal under Loan Program Agreements with certain Local Government Units, and (ii) as to interest, from Revenues of the Authority, including amounts derived from payments required to be made by Local Government Units under Loan Program Agreements, and from certain State Shared Taxes but only when such taxes have been withheld pursuant to law and a Loan Program Agreement and become the property of the Authority, on a parity with outstanding bonds and notes heretofore or hereafter issued by the Authority. See the Preliminary Official Statement relating to the Notes.

**The Authority has no taxing power. The State of Tennessee is not liable on the bonds and notes of the Authority, including the Notes, and such bonds and notes are not a debt of the State.**

## *FORM AND PAYMENT*

The Notes will be issued in fully registered book-entry only form, and a Note certificate for the entire principal amount of the Notes will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed to evidence ownership of the Notes, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. Principal of and interest on the Notes will be payable by the Authority to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Authority will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Beneficial owners will be entitled to receive Note certificates only under the limited circumstances described in the Preliminary Official Statement.

## *BIDDING PROCEDURE; CONFIRMATION OF BID*

Only electronic bids submitted via PARITY<sup>®</sup> for the purchase of the Notes will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile directly to the Authority will be accepted. Bidders are permitted to submit bids for the Notes during the bidding time period, provided they are eligible to bid as described under “ELIGIBILITY TO BID”.

Each electronic bid submitted via PARITY<sup>®</sup> for the purchase of Notes shall be deemed an offer to purchase the Notes in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Authority. The successful bidder must confirm the details of such bid by a signed PARITY<sup>®</sup> Bid Form delivered by fax to (615) 741-5986 no later than one hour after being notified by the Authority of being the successful bidder, the original of which must be received by the Director of Bond Finance of the State of Tennessee on the following business day at the address shown on the Contacts page of this Notice of Sale. Failure to deliver this confirmation does not relieve the successful bidder of its obligation to complete the purchase of the Notes.

### *ELECTRONIC BIDDING*

The use of PARITY<sup>®</sup> electronic bidding shall be at the bidder's risk and expense, and the Authority shall have no liability with respect thereto. The Authority is using electronic bidding as a communications medium and PARITY<sup>®</sup> is not acting as the Authority's agent.

If any provisions of this Notice of Sale conflict with information provided by PARITY<sup>®</sup>, this Notice of Sale shall control. The Authority is not bound by any advice or determination of PARITY<sup>®</sup> as to whether any bid complies with the terms of this Notice of Sale. The time as maintained by PARITY<sup>®</sup> shall constitute the official time with respect to all bids submitted.

### *ELIGIBILITY TO BID*

The Authority does not have a registration requirement for prospective bidders. However, bidders submitting electronic bids must be contracted customers of the BidCOMP Competitive Bidding System and should promptly contact PARITY<sup>®</sup> directly for information about PARITY<sup>®</sup>, including its rules and fees, and becoming a contracted customer. (See the Contacts page of this Notice of Sale.)

### *CONTENTS OF BID, INTEREST RATES AND BID PRICES*

Bidders must bid to purchase all of the Notes. Each bid must specify (1) an annual rate of interest for the entire issue of the Notes, (2) the reoffering price or yield of the entire issue of the Notes and (3) a dollar purchase price for the entire issue of the Notes.

Each bid for the Notes must meet the criteria shown on the Bidding Parameters Table.

Each bidder must specify, as part of its bid, the price or yield at which a substantial amount (i.e., at least 10%) of the Notes will be offered and sold to the public.

As promptly as reasonably possible after bids for the Notes are received, the Authority will notify the successful bidder for such Notes that it is the apparent winner. Upon such notice, such bidder must confirm to the Authority the initial reoffering price and Underwriters' discount, and the matters described under "MUNICIPAL BOND INSURANCE" below, for the Notes in the manner set forth in the Bidding Parameters Table. The reoffering price also must be confirmed as described under "REOFFERING PRICE CERTIFICATE" below.

## *MUNICIPAL BOND INSURANCE*

If a commitment for bond insurance has been obtained by the successful bidder for all or any of the Notes and the insurance on the Notes will produce arbitrage true interest cost savings to the Authority, such matters must be confirmed at the time the bidder is notified that it is the apparent winner, as described in “CONTENTS OF BID, INTEREST RATES AND BID PRICES” above, and also with a certificate, and the successful bidder must furnish other related certificates from the insurer, satisfactory to the Authority in form and substance, delivered simultaneously with delivery of the Notes. Any failure of a policy of insurance to be issued shall not constitute cause for a failure or refusal by the successful bidder for the Notes to accept delivery of or pay for the Notes awarded to it in accordance with the terms of this Notice of Sale.

Qualification for bond insurance shall be the responsibility of the bidder. The purchase of any such insurance shall be at the sole option and expense of the bidder, neither the premium for such insurance nor any related expenses will be paid by the Authority, and the amount of the premium and any related expenses must be included in the purchase price for the Notes.

## *AWARD*

The Authority expects to award the Notes to the successful bidder within six (6) hours after the close of bidding. Bids may not be withdrawn prior to the award. Unless all bids for the Notes are rejected, the Notes will be awarded to the bidder whose bid complies with this Notice of Sale and results in the lowest true interest cost (“TIC”) to the Authority, as computed by the Authority’s Financial Advisor (which computation shall control over any different computation by PARITY®). The TIC (expressed as an annual rate) for the Notes will be determined as being twice the semi-annual discount rate, compounded semi-annually, which, when applied against principal of and interest on the Notes as due, will equate the sum of such discounted payments to the purchase price for the Notes. The TIC shall be calculated from the Dated Date of the Notes shown on the Bidding Parameters Table. If two or more bidders offer to purchase the Notes at the same lowest TIC (rounded to six (6) places after the decimal point), the Notes may be apportioned between such bidders if it is agreeable to each of such bidders, and if apportionment is not acceptable to such bidders, the Authority reserves the right to award the Notes to one of such bidders. There will be no auction.

## *ADJUSTMENT OF AMOUNT AFTER AWARD*

The aggregate principal amount of the Notes is subject to adjustment by the Authority after the award of the Notes to the successful bidder by no more than the principal percentage shown in the Bidding Parameters Table from the amount bid on. Changes to be made after the award will be communicated to the successful bidder directly by 10:00 a.m., Central Time, on the day following the sale.

Adjustment within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Notes, assuming all other conditions of this Notice of Sale have been satisfied by the Authority.

In the event that the principal amount of the Notes is revised after the award, the Underwriter's Discount on the Notes shall be held constant. The "Underwriter's Discount" shall be the difference between the dollar purchase price submitted by the successful bidder for the purchase of the Notes and the total dollar price at which the Notes will be offered to the public, calculated from information provided by the successful bidder, divided by the number of the Notes. (The number of Notes equals the par amount of the Notes divided by 1,000.)

#### *RIGHT OF REJECTION*

The Authority reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

#### *RIGHT OF CANCELLATION*

The successful bidder for the Notes will have the right, at its option, to cancel its obligation to purchase if the Authority fails to deliver the Notes within 60 days from the date of sale, and in such event the successful bidder will be entitled to the return of an amount equal to the good faith deposit but without any additional liability to the Authority.

#### *GOOD FAITH DEPOSIT*

Each bid for the purchase of the Notes must be accompanied by a financial surety bond which guarantees payment to the Authority of the good faith deposit amount shown in the Bidding Parameters Table to secure the Authority against any loss resulting from a failure of the successful bidder to take up and pay for the Notes in accordance with the terms of this Notice of Sale and of its bid. Each financial surety bond must be from an insurance company acceptable to the Authority and licensed to issue such a bond in the State of Tennessee. Each financial surety bond must be submitted to the Director of Bond Finance of the State of Tennessee (see the Contacts page of this Notice of Sale) at least two hours prior to the time bids are required to be submitted and must be in form and substance acceptable to the Authority. Each financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond.

The successful bidder for the Notes is required to submit such good faith deposit amount to the Authority in the form of a wire transfer in federal funds not later than 12:30 p.m., Central Time, on the next business day following the award. If such deposit is not received by that time, the relevant financial surety bond will be drawn upon by the Authority to satisfy the deposit requirement.

The good faith deposit so wired will be deposited and held by the Authority until the delivery of the Notes, at which time the good faith deposit will be applied against the purchase price of the Notes or the good faith deposit will be retained by the Authority as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Notes in compliance with the terms of the Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the Authority. The balance of the purchase price must be wired in federal funds, to the account specified by or on behalf of the Funding Board, simultaneously with delivery of such Notes.



### *REOFFERING PRICE CERTIFICATE*

The successful bidder for the Notes will be required to confirm to the Authority, by a certificate satisfactory to the Authority in form and substance and dated the date of and delivered simultaneously with delivery of the Notes, the reoffering price to the public at which a substantial amount (i.e. at least 10%) of the Notes were sold.

### *PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT*

The Preliminary Official Statement comprises the “deemed final” Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission and, when amended to reflect, among other things, the actual amount of the Notes sold, the interest rates specified by the successful bidder and the prices or yields at which the successful bidder for the Notes will reoffer the Notes to the public, will constitute a “Final Official Statement” (as defined in Rule 15c2-12) with respect to the Notes. No more than seven business days after the date of the sale, the Authority will provide without cost to the successful bidder up to 100 copies of the final Official Statement. If the Notes are awarded to a syndicate, the Authority will deliver final Official Statements only to the entity submitting the successful bid, which shall be responsible for distributing copies of the final Official Statement among the participating underwriters.

The Authority will deliver to the purchaser of the Notes a certificate of the Authority, dated the date of delivery of the Notes, stating that as of the sale date and at the time the Notes are delivered, (i) the information and statements, including financial statements, of or pertaining to the Authority contained in the Official Statement were and are correct in all material respects; (ii) insofar as the Authority and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, taking into account the purpose for which the Official Statement is used; and (iii) insofar as the descriptions and statements, including financial data, of or pertaining to other governmental bodies, nongovernmental bodies, and their respective activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources believed by the Authority to be reliable, and the Authority has no reason to believe that they are untrue or incomplete in any material respect.

### *DELIVERY AND PAYMENT*

Delivery of the Notes will be made by the Authority to DTC in book-entry only form, in New York, New York, on or about the Delivery Date shown in the Bidding Parameters Table, or such other date agreed upon by the Authority and the successful bidder. Payment for the Notes must be made in Federal Funds or other funds immediately available to the Authority at the time of delivery of the Notes. Any expenses incurred in providing immediate funds, whether by transfer of Federal Funds or otherwise, will be borne by the purchaser. The cost of printing the Notes, if any, will be borne by the Authority.

### *CUSIP NUMBERS*

It is anticipated that a CUSIP number will be printed on the Notes, but neither failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Notes. The successful bidder will be responsible for applying for and obtaining the CUSIP number for the Notes promptly upon award of the bid. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the Authority; provided, however, that the CUSIP Service Bureau charge for the assignment of said number will be the responsibility of and will be paid for by the successful bidder.

### *BLUE SKY*

The Authority has not taken any action relating to the requirements of the securities or “blue sky” laws of any jurisdiction with respect to the offer and sale of the Notes. Certain jurisdictions may have filing requirements which must be satisfied prior to any offer or sale of the Notes.

### *CONTINUING DISCLOSURE*

In order to assist bidders in complying with Rule 15c2-12, the Authority will execute and deliver a written Continuing Disclosure Undertaking to provide annual financial information, operating data and notices of certain events. A description of the Continuing Disclosure Undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement. Execution and delivery of the Continuing Disclosure Undertaking will be a condition precedent to the obligation of the successful bidder to take up and pay for the Notes.

### *LEGAL OPINION*

The legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, with respect to the Notes, will be furnished in reasonable quantity to the successful bidder without cost to the successful bidder for the Notes. For the proposed form of such opinion, see the Preliminary Official Statement.

### *ADDITIONAL INFORMATION*

Additional information may be obtained from either the Director of Bond Finance of the State of Tennessee or the Authority’s Financial Advisor. See the Contacts page of this Notice of Sale.

TENNESSEE LOCAL DEVELOPMENT  
AUTHORITY

By: *John G. Morgan*  
Comptroller of the Treasury of the State of  
Tennessee and Secretary of the Tennessee  
Local Development Authority